

The opinion in support of the decision being entered
today is *not* binding precedent of the Board.

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte WILLIAM F. HARRIS

Appeal No. 2007-2377
Application No. 09/662,398
Technology Center 3600

Decided¹: September 19, 2007

Before WILLIAM F. PATE, III, HUBERT C. LORIN, and
ANTON W. FETTING, *Administrative Patent Judges*.

LORIN, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

This is an appeal from a decision of the Examiner rejecting claims
58-76. 35 U.S.C. § 134 (2002). We have jurisdiction under 35 U.S.C.
§ 6(b) (2002).

¹ An oral hearing was conducted on Sep. 13, 2007.

The invention is directed to a computer system for processing product price requests and placing products orders over the internet. Specification 1:1-3.

Claims 58-76 are rejected under 35 U.S.C. §102(e) as being anticipated by Rothman (US Patent Application Publication 2002/0072984).

We REVERSE.²

Claims 58 and 70 are the independent claims.

58. A server system for generating an order for a product, comprising:

- a receiver component that receives, on behalf of a manufacturer, requests to order a product from a customer and for receiving financial authorization from a distributor, a request including a product code that identifies the product and a customer identification that identifies a customer, and a financial authorization comprising an acknowledgment from the distributor verifying a customer account even though the request is received by the receiver component in a manner independent of the distributor;

- a data storage medium storing information for a plurality of products, including a customer price associated with each of the plurality of products;

- an order placement component that retrieves from the data storage medium information for the identified product and that uses the retrieved information to place an order from the manufacturer of the identified product; and

- an order fulfillment component that completes a purchase of the product in accordance with the order placed by the order placement

² Our decision will make reference to Appellants' Supplemental Appeal Brief ("Appeal Br.," filed Jun. 30, 2006), the Examiner's Answer ("Answer," mailed Sep. 6, 2006), and to the Reply Brief ("Reply Br.," filed Nov. 6, 2006).

component including arrangement for shipping by the manufacturer and billing of the distributor.

70. A server system for generating an order for a product, comprising:

- a receiver component that receives, on behalf of a manufacturer, requests to order a product from a customer, a request including a product code that identifies the product and a customer identification that identifies a customer;

- a data storage medium storing information for a plurality of products and storing information for a plurality of agents associated with the product, where the stored product information includes a customer price associated with the product, where the stored agent information includes at least one predetermined variable associated with each of the plurality of agents; and

- a commission component that determines a commission and assigns the commission to one of the plurality of agents based on at least one of the plurality of predetermined variables even though the request is received by the receiver component in a manner independent of the agents and even though the request is fulfilled in a manner independent of the agents.

A. Issue

The issue is whether Appellant has shown that the Examiner erred in holding Rothman anticipates the claimed subject matter.

B. Findings of Fact

The record supports the following findings of fact (FF) by a preponderance of the evidence.

1. Appellant argued, in part, that Rothman does not describe a receiver component “for receiving financial authorization from a distributor... a financial authorization comprising an acknowledgment from the distributor verifying a customer account even though the request is received by the

receiver component in a manner independent of the distributor,” as required by claim 58 and the claims that depend from it. Appeal Br. 7-9.

2. Rothman does not explicitly describe a receiver component “for receiving financial authorization from a distributor... a financial authorization comprising an acknowledgment from the distributor verifying a customer account even though the request is received by the receiver component in a manner independent of the distributor” (claim 58).

3. The Examiner responded by arguing that Rothman “teaches a system wherein the user can authorize payment through the web site and elect to pick up the product at the distributor[,],... the user may provide payment information to the local distributor[,], ... [t]he distributor can then report the local sale to the central server[,], ... [and] the payment can be authorized in conjunction with a credit application or financing provided by the seller or through a third party credit provider.” Answer 7. Based on these teachings, the Examiner concluded that Rothman “teaches a receiver component that is capable of receiving financial authorization from a distributor.” Answer 7.

These aspects of the Rothman system show that the receiver in Rothman is capable of receiving financial authorization from a third party, including the distributor, because the receiver is in communication with the distributor and other third parties regarding payment and sale information while the receiver is receiving purchase orders and information from the user.

Answer 7.

4. Appellant argued that “the Rothman ‘984 published application does not teach or suggest that any distributor would receive a commission based upon this sale and fulfillment that were completed independent of the

distributor” and thus does not teach the commission component of claim 70 and the claims that depend from it. Appeal Br. 9.

5. Rothman does not explicitly describe a commission component “that determines a commission and assigns the commission to one of the plurality of agents based on at least one of the plurality of predetermined variables even though the request is received by the receiver component in a manner independent of the agents and even though the request is fulfilled in a manner independent of the agents” (claim 70).

6. The Examiner responded by arguing that Rothman “teaches that compensation to the distributors may include monetary payments, commissions, bonuses and/or ownership interests in the seller’s corporation[, and] ...[t]he employees of distributors and distributors in Rothman can be compensated based on a ranking of the distributor/employee compared to other distributors and employees participating with the seller.” Answer 8-9. Based on these teachings, the Examiner concluded that Rothman “teaches a commission component that is capable of determining a commission and assigning a commission to one of many agents even though the request is fulfilled in a manner independent of the agents.” Answer 8.

Thus, the commission component is capable of determining a commission and assigning a commission even though the request is fulfilled in a manner independent of the agent because it can assign compensation, i.e. commissions, based on ownership interests and/or ranking, which is independent of whether the request is fulfilled by the distributor. Thus, the Rothman publication anticipates a commission component.

Answer 9.

C. Principles of Law

1. Anticipation is a question of fact. *In re Schreiber*, 128 F.3d 1473, 1477, 44 USPQ2d 1429, 1431 (Fed. Cir. 1997).
2. It is well settled that in order for the examiner to establish a *prima facie* case of anticipation, each and every element of the claimed invention, arranged as required by the claim, must be found in a single prior art reference, either expressly or under the principles of inherency. *See generally, Schreiber*, 128 F.3d at 1477, 44 USPQ2d at 1431; *Diversitech Corp. v. Century Steps, Inc.*, 850 F.2d 675, 677-78, 7 USPQ 1315, 1317 (Fed. Cir. 1988); *Lindemann Maschinenfabrik GMBH v. American Hoist and Derrick*, 730 F.2d 1452, 1458, 221 USPQ 481, 485 (Fed. Cir. 1984).
3. There must be no difference between the claimed invention and the reference disclosure, as viewed by a person of ordinary skill in the field of the invention. *Scripps Clinic & Research Found. v. Genentech Inc.*, 927 F.2d 1565, 1576, 18 USPQ2d 1001, 1010 (Fed. Cir. 1991).
4. “In relying upon the theory of inherency, the examiner must provide a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teachings of the applied prior art.” *Ex parte Levy*, 17 USPQ2d 1461, 1464 (Bd. Pat. App. & Inter. 1990) (emphasis in original).
5. “To invalidate a patent by anticipation, a prior art reference normally needs to disclose each and every limitation of the claim. ... However, a prior art reference may anticipate when the claim limitation or limitations not expressly found in that reference are nonetheless inherent in it. ... Under the principles of inherency, if the prior art necessarily functions in accordance

with, or includes, the claimed limitations, it anticipates." *Atlas Powder Co. v. Ireco Inc.*, 190 F.3d 1342, 1347, 51 USPQ2d 1943 , 1946 (Fed. Cir. 1999).

6. ``If the prior art reference does not expressly set forth a particular element of the claim, that reference still may anticipate if that element is `inherent' in its disclosure. To establish inherency, the extrinsic evidence `must make clear that the missing descriptive matter is necessarily present in the thing described in the reference, and that it would be so recognized by persons of ordinary skill.' ... `Inherency, however, may not be established by probabilities or possibilities. The mere fact that a certain thing may result from a given set of circumstances is not sufficient.' " *In re Robertson*, 169 F.3d 743, 745, 49 USPQ2d 1949, 1950-51 (Fed. Cir. 1999).

D. Analysis

We will not sustain the rejection. The rejection is under 35 U.S.C. §102 and thus the claims are rejected on the ground that Rothman anticipates the claimed subject matter.

There is no dispute that Rothman does not explicitly describe a receiver component, as per claim 58, "for receiving financial authorization from a distributor... a financial authorization comprising an acknowledgment from the distributor verifying a customer account even though the request is received by the receiver component in a manner independent of the distributor" or a commission component, as per claim 70, "that determines a commission and assigns the commission to one of the plurality of agents based on at least one of the plurality of predetermined variables even though the request is received by the receiver component in a

manner independent of the agents and even though the request is fulfilled in a manner independent of the agents.”

Accordingly, the only question is whether Rothman describes these components, as claimed, under principles of inherency. Under that theory, anticipation of the claimed subject matter will have been established if the Examiner shows that the characteristics for the receiver and compensation components necessarily flow from the teachings of Rothman and thus inherent to the Rothman system. We are in agreement with the Appellant that the Examiner has not made that showing

The Examiner concluded, based on teachings in Rothman, that the Rothman receiver and compensation components are *capable* of exhibiting the characteristics claimed for these components. Since a component may not necessarily exhibit a characteristic that it is *capable* of exhibiting, the Examiner has shown that the characteristics claimed for the receiver and compensation components do not *necessarily follow* from, and thus are not inherent to, the teachings of the prior art. The Examiner’s apparent reasoning that the prior art is *capable* of exhibiting the characteristics claimed for the receiver and compensation components appears to be rational. But the question before us is not one of obviousness but one of anticipation under the theory of inherency. Inherency may not be established by probabilities or possibilities. The mere fact that a certain thing may result from a given set of circumstances is not sufficient.

The Examiner has also argued that

[c]laims directed to an apparatus must be distinguished from the prior art in terms of structure rather than function, [citing *In re Dally*, 263 F.2d 844, 847, 120 USPQ 582, 91 (CCPA 1959)]. A claim containing a “recitation with respect to the manner in which a claimed apparatus

is intended to be employed does not differentiate the claimed apparatus from a prior art apparatus” if the prior art apparatus teaches all the structural limitations of the claims. *Ex parte Masham*, 2 USPQ2d 1657 (Bd. Pat. App. § Inter. 1987). Thus the structural limitations of claims 58 and 70, including a receiver component, a data storage medium, an order placement component, an order fulfillment component interface, and a commission component are disclosed in the Rothman publication.

Answer 6-7. This argument does not persuade us to affirm the rejection. The difficulty with this argument is that, while claims directed to an apparatus must be distinguished from the prior art in terms of structure rather than function, features of an apparatus may be recited structurally or functionally (see *In re Schreiber*, 128 F.3d 1473, 1477-78, 44 USPQ2d 1429, 1431-32 (Fed. Cir. 1997))³. Here the Examiner has not made a claim construction analysis showing that the functional limitations in the claims do not impose structural limitations to the components of the claimed server. Claims must be treated as a whole and all limitations must be considered. There is no basis in law for *not* considering limitations in an apparatus claim simply because they are functional in nature. Moreover, these functional limitations describe the manner in which the apparatus is programmed, and “if a machine is programmed in a certain new and unobvious way, it is physically

³ *Ex parte Masham*, which the Examiner cited in support of the argument, not only is not a precedential decision of the Board but is not entirely relevant to the facts of this case. *Masham* involved claims to a mixer with recitations to the material being worked upon and the intended manner of employing the apparatus. The instant claims are directed to a computer system with recitations to functions various components of the system must perform. The system is designed to perform these functions (Specification, pp. 8-9). Furthermore, in *Masham* the Board construed the claim and clearly explained why recitations of intended use did not impose structural limitations to the mixer. Here there is no such analysis.

different from the machine without that program; its memory elements are differently arranged. The fact that these physical changes are invisible to the eye should not tempt us to conclude that the machine has not been changed.” *In re Bernhart*, 417 F.2d 1395 at 1400 (CCPA 1969).

Appellant has shown that the Examiner erred in holding Rothman anticipates the claimed subject matter.

DECISION

The decision of the Examiner rejecting claims 58-76 under 35 U.S.C. §102(e) as being anticipated by Rothman is reversed.

REVERSED

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